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October 22, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
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From: David E. Janssen
Chief Administrative Officer

MANAGEMENT REVIEW OF THE OFFICE OF AIDS PROGRAMS AND POLICY

On November 19, 2002, on a motion by Supervisor Knabe, your Board instructed my office to conduct a management review of the Office of AIDS Programs and Policy (OAPP), including comparisons to the administration of other categorical public health programs to determine the appropriateness of the current organizational structure of the OAPP staffing levels and appropriations, span of control issues and reporting responsibilities.

We previously informed your Board, in our March 7, 2003 memorandum, of our intent to hire a consultant to complete this management review. As a result of our selection process, we entered into an agreement with KPMG, L.L.P., and a copy of their final report is attached, for your information.

Summary of Recommendations

The report indicates that OAPP has increased available grant funds by 25 percent over the past five years, for a total of \$89.6 million in State and federal funds in 2002-03. The OAPP also has been successful in fully expending available funds. In addition, OAPP staffing reflects an employee mix which provides a cross-section of recent external work experience along with a historic perspective of OAPP operations. Further, OAPP has developed a number of clinical care standards and is in the process of developing outcome measurements to evaluate the impact of care provided to clients.

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In terms of improvement opportunities, the report recommends changes to the OAPP organizational structure to realign reporting relationships and to create a more consistent span of control for OAPP managers, including consolidation of smaller divisions into larger divisions with similar functions. OAPP should also continue efforts to cross-train staff to broaden their assignments and develop a more multi-functional service delivery model.

In addition, the report recommends the elimination of nine of 11 positions which have been vacant for more than two years and the reassessment, as part of the 2004-05 budget process, of the need to retain other vacant positions. The OAPP should also consider additional performance measures to monitor the use of staffing resources, based on the consultant's observation that the ratio of OAPP funds per full-time staff position is lower than two other comparable categorical public health organizations which they reviewed. Further, the report recommends the development of a fiscal management program at the division or program level, rather than only at the OAPP departmental level, in order to more accurately monitor revenues and expenditures by program.

We will work with OAPP and the Department of Human Resources staff to review these recommendations and to develop timelines for implementation, where appropriate. If you have questions or need additional information, please call me or your staff may contact Gregory Polk of my staff at (213) 974-1791.

DEJ:DIL
SAS:GP:bjs

Attachment

c: Executive Officer, Board of Supervisors
 County Counsel
 Auditor-Controller
 Director, Department of Health Services
 Director of Personnel



Management Review of the Office of AIDS Programs and Policy

September 2003

FINAL REPORT

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SECTION I. INTRODUCTION AND PROJECT APPROACH

Introduction

This report provides the results of the KPMG LLP (KPMG) engagement for the management review of the Office of AIDS Programs and Policy (OAPP) for Los Angeles County Department of Health Services. The County of Los Angeles' Chief Administrative Office (CAO) engaged KPMG to assess the overall effectiveness of the organizational structure and the associated operations of the OAPP.

The scope of work associated with these objectives included the following key activities as set forth in the contract for this project:

- Assess the appropriateness of the organizational structure
- Evaluate organization structure spans of control
- Assess reporting responsibilities
- Benchmark staffing levels and operations
- Evaluate the OAPP budget

An additional component of this project was to compare, to the extent feasible, the administration of other County of Los Angeles public health programs and the HIV / AIDS programs administered by the City / County of San Francisco and the City of New York. On the recommendation of CAO staff and the Health Services Deputy for the Supervisor, Third District, the Alcohol and Drug Program Administration was selected for the County of Los Angeles public health program comparison.

To obtain comparative information from two national AIDS offices, we contacted the New York, San Francisco and Chicago AIDS programs and received information from the latter two.

Project Approach

In executing the project work plan KPMG employed the follow approaches:

- **Focus Interviews.** KPMG conducted interviews with key managers and staff directly and indirectly involved with the administration of OAPP. These included:
 - OAPP Director
 - Senior OAPP managers including all Division Directors
 - OAPP program and project managers and supervisors
 - OAPP Medical Director
 - County of Los Angeles Health Services Deputy and the Assistant for the Supervisor, Third District
 - Center for Disease Control (CDC) and Health Resources and Services Administration (HRSA) Project Officers
 - County of Los Angeles Human Resources Manager

Telephone interviews were conducted with a senior manager from each of the organizations designated for external comparison. These included the Chicago Department of Public Health STD/HIV/AIDS Public Policy and Programs, the City

and County of San Francisco AIDS Office and the County of Los Angeles Alcohol and Drug Program Administration. (see Appendix A for a total list of interviewees by title and organization)

- **Document Review.** KPMG obtained and reviewed OAPP documents regarding organizational structure, policies and procedures, financial and programmatic internal and external reports, provider/agency reports, job descriptions, budgets, staffing / FTEs by division, grant information, and so on. (see Appendix B for requested documentation and information)
- **Process Observations.** During the interview process, KPMG observed work activities being performed by OAPP staff and service providers, reviewed tracking and monitoring logs and reports and electronic reporting and information tools.

Constraints and Limitations

Constraints and limitations present special factors that should be considered in the interpretation of our observations. Key factors to consider include:

- This review was not intended to be a comprehensive and exhaustive examination of all current and historical practices and operational activities of OAPP
- Project tasks may not allow sufficient opportunity to identify all OAPP strengths and achievements
- Information from the external comparative organizations is high-level based on organizational structure information, general program descriptions, and telephone interviews. It does not include detailed comparisons.
- Supporting information obtained during the conduct of this review includes staff and management interview information supplemented by observations of work activities and processes. A detailed examination of all OAPP documents and records was not undertaken.

Report Organization

KPMG has organized the remainder of this report in the following manner:

- **Section II: Executive Summary**
Summarizes key observations and recommendations in relation to the work performed
- **Section III: The Office of AIDS Programs and Policy Overview**
Describes the services and programs delivered by OAPP and current challenges
- **Section IV: Observations and Recommendations**
Provides KPMG's observations and recommendations regarding the OAPP operations, organizational structure, controls and reporting
- **Appendices**
Provides information on interviewees, retrieved documents, and analyses.

SECTION II. EXECUTIVE SUMMARY

The County of Los Angeles' Chief Administrative Office (CAO) engaged KPMG LLP (KPMG) to conduct a management review of the Department of Health Services Office of AIDS Programs and Policy (OAPP). The primary objective of this project and the project tasks are described in the preceding introductory section of this report.

During the project, OAPP strengths and improvement opportunities were identified. A summary of our overall assessment and key recommendations follows.

Strengths

Increased Grant Funding:

OAPP grant funding has increased 25 percent over the past five years to an annual total of \$89.6 million for fiscal year 2002-2003 in CDC, HRSA, State of California and County of Los Angeles funds. The Office has achieved additional grant funds for the 2003-2004 fiscal year reaching a total of \$94.1 million. The Office is continually investigating opportunities for increasing funding and services and is currently involved in a number of demonstration research projects. Both CDC and HRSA Project Officers report positive and productive relationships with OAPP, its Director and designated grant managers.

OAPP received the third highest Ryan White grant funding for AIDS offices nationally at \$35.6 million annually (period March 2001- February 2002). OAPP was one of only five offices nationally to have fully spent funds at year-end. Both San Francisco and Chicago had unspent funds of 4.6 percent and 7.4 percent respectively. (see Table V, page 24)

Continuity of Staffing:

There is a mix of long and short-term employees providing a cross-section of recent external work experience combined with a historic perspective of OAPP. The majority of the senior management group has worked together for the previous two - three years.

Attention to Outcomes:

OAPP is redesigning its approach for provider agency services with a process that integrates care and prevention services. It has developed a number of clinical care standards and is in the process of developing outcome measurements that will be a basis for evaluating the impact of care provided to clients.

We found OAPP employees to be conscientious, knowledgeable of their assigned duties and dedicated and committed to providing high levels of services to the HIV / AIDS population of Los Angeles County.

Improvement Opportunities

Absence of Defined Performance Indicators and Controls:

OAPP should increase the number of objective, quantifiable performance indicators used for measuring and monitoring labor resource utilization. Current overtime use represents a sizable salary expense in a number of Divisions. (see Tables III and IV, page 17) KPMG has proposed and it is planned that Directors will be responsible for management of overtime expenses in their own Divisions.

Although not currently in place, Division specific salary and benefit budgets are also being developed by the Finance Division. These will provide the Directors with the information necessary for monitoring their Divisions' salary and benefit utilization.

The KPMG recommended process of OAPP Directors tracking and managing budget and overtime expenses for their Divisions might not be a typical practice in other Los Angeles County offices. However, we consider this will be a beneficial process in overall resource and expense management.

KPMG has proposed a number of Division level and overall OAPP metrics for monitoring performance. These can be tracked on varying time intervals, week-to-week or month-to-month, and then compared with previous years to provide performance trending information. (see pages 25 – 26)

OAPP has various internal controls and monitoring tools and systems in place, but it is recommended that these be reviewed to assess if they are appropriate instruments and provide optimal management information. We recommend evaluating other performance measures that could provide more meaningful management information.

Significant client and provider data exist, but are not readily available or in a useful end user format. Significant OAPP staff time is required for manual data entry to generate numerous reports.

Adoption of realistic FTE requirements:

OAPP has a high FTE vacancy rate of 24 percent based on 244 total items with 58 reported as open/vacant and 186 filled. (see Appendix E, page 37) These figures represent the period of July /August in the 2003-2004 fiscal year.

OAPP Human Resources (HR) reports that a number of the 58 open items have been vacant for one to two years. (see Table II, page 16) OAPP management describes the consistent experience that staff recruitment and hiring of desirable candidates within the Los Angeles County HR system can be a protracted process. It may take up to a year, and in some cases longer to hire into high-level manager and technically oriented items.

In an effort to expedite the recruitment process, OAPP has developed and submitted item bulletins to Los Angeles County HR. These bulletins define the specific roles with the education and experience required for the items. Reportedly, many of the bulletins are returned to OAPP multiple times for adjustments / edits so that expediting the overall hiring process is not achieved. A review of the item bulletin submission process by County HR and OAPP may support a quicker turnaround of this information.

Span of Control Variances:

Management span of control varies markedly from very expansive for the OAPP Director to very narrow within Divisions at the level of managers and supervisors. The existing structures within Divisions establish highly specialized staff groups with discreet job functions. It is important in these groups to promote cross-coverage and cross training allowing staff to be multi functional and to assist in other than their "home" assignments when workload peaks in other Division areas. There is cross-coverage that has been accomplished in these staff groups; additional opportunities should be further developed to enhance staff utilization.

A summary of our observations and recommendations, by Project Task, are set forth below. Details related to each item can be found in Section IV (page 10) "Observations and Recommendations" with the same numbering used below.

TASK 1	REVIEW ORGANIZATIONAL STRUCTURE, MANAGEMENT SPANS OF CONTROL AND REPORTING RELATIONSHIPS
TI-1 OBSERVATION	<i>The OAPP Director has a very broad span of control in the current structure with 15 direct reports including all Division Directors and Planning and Development grant managers. (see Appendix C - page 33 for Current Structure) The current structure exceeds the six-eight reports seen in the comparative organizations.</i>
TI-1 RECOMMENDATION	<i>Decrease the number of OAPP Director reports by realigning the service Divisions. Combine the smaller Divisions and those with functional synergies. Target six to eight reports to decrease the Director's span of control and decentralize management responsibilities to the Division Director levels (see Appendix C - page 34 for Alternative Division Structure).</i>
TI-2 OBSERVATION	<i>Some managers' and supervisors' spans of control vary from two up to eight direct reporting staff. Some of these managers are performing limited "management" activities such as performance evaluations and time card approvals. In some instances the manager title represents project or contract management responsibilities rather than department or staff management.</i>
TI-2 RECOMMENDATION	<i>Review managers' responsibilities for assignment scope and staff report consistency. Reassign performance evaluations and time approvals to the mid-level section managers/supervisors from the contract or project managers. This will allow these staff to focus on their primary service/line responsibilities. In the smaller divisions, such as, Public Affairs and Administrative Services, have Division Directors assume responsibility for all performance evaluations and time card approvals.</i>
TI-3 OBSERVATION	<i>A wide range of Los Angeles County HR <u>payroll</u> titles exist within the OAPP Divisions. To identify roles appropriate for activities, OAPP has established functional position titles. There are a very high number of these functional titles (82 titles for 186 filled positions). More than half of the 82 functional OAPP titles (56 or 68 percent) have only one staff member per item. (see Appendix D – pages 35-36)</i>
TI-3 RECOMMENDATION	<i>Consider engaging the Los Angeles County Department of HR or an external compensation and benefit consulting organization to conduct an empirical review of all OAPP titles, job assignments and salaries. Include all staff and management items. Also, assess the comparability of OAPP payroll titles with positions and salaries assigned to other Los Angeles County departments, for example, the Office of the Alcohol and Drug Program.</i>

TASK 2	REVIEW STAFFING LEVELS AND APPROPRIATIONS
<p>T2-1 OBSERVATION</p>	<p><i>OAPP has a high item (open positions) vacancy factor of 24 percent. Many of these items have been open for greater than one year with eleven open for more than two years. (see Table II, page 16)</i></p> <p><i>Annual overtime expense of approximately \$250,000 for fiscal year 2002-2003 exceeding the budgeted amount of \$147,000. (see Tables III and IV, page 17)</i></p> <p><i>The actual overtime represents less than one percent of the total salary and employee benefit expenses. Some confusion existed between OAPP and the CAO around the process for defining and the importance of adhering to the budgeted overtime amount.</i></p> <p><i>Overtime use for the current year is high based on the need for weekend staff time for office reconfiguration.</i></p>
<p>T2-1 RECOMMENDATION</p>	<p><i>Eliminate nine of the eleven items that have been vacant for greater than two years. The exceptions include two Division Directors for the proposed Planning and Research Division and for the Education and Capacity Building Division.</i></p> <p><i>Control overtime expenses to align with the \$175,000 budgeted for the current 2003-04 fiscal year or redefine the amount and ensure it is a representative figure. Implement monthly monitoring controls and variance reporting for Directors to manage Division level overtime expenses. Track overtime to identify one-time or occurrences of high overtime use or overall upward trends.</i></p> <p><i>A mechanism exists by which OAPP and CAO work together in budget preparation; expand this collaborative relationship to include the review and approval of new staff hires. Ensure expectations of overtime management are clearly understood.</i></p>
<p>T2-2 OBSERVATION</p>	<p><i>The Divisions' service delivery models are based on highly specialized assignments, and cross training has taken place in a number of service areas and Divisions. There are additional instances in which expansion of cross training to provide back up or cross coverage can be instituted.</i></p>
<p>T2-2 RECOMMENDATION</p>	<p><i>Continue ongoing efforts identifying opportunities to cross train staff to broaden their assignments and develop as multi-functional a service delivery model as feasible. For example, care support staff cross training to multi-care services, such as client, social, mental health, and finance staff to cost report activities.</i></p>
<p>T2-3 OBSERVATION</p>	<p><i>OAPP's ratio of funds per FTE is lower than two of the comparative external organizations including the Alcohol and Drug Program of Los Angeles County and the Chicago Office of HIV/AIDS. San Francisco Office of AIDS is similar to OAPP. This represents the relationship of total funds <u>awarded</u> to the number of filled items. This comparison is based on high level information and does not delve into the service complexities, number of contracts or agencies served by each office. (see graph, page 21)</i></p>
<p>T2-3 RECOMMENDATION</p>	<p><i>Implement this as one of the overall OAPP performance metric and monitor the relationship of awarded and spent funds per filled and budgeted item.</i></p>

TASK 3	ASSESS REPORTING RELATIONSHIPS AND PROGRAM EFFECTIVENESS AND EFFICIENCY
<i>T3-1 OBSERVATION</i>	<i>OAPP uses some effectiveness monitors and limited efficiency monitors.</i>
<i>T3-1 RECOMMENDATION</i>	<i>Expand the use of performance measures to monitor OAPP's progress in achieving quantitative, qualitative and compliance objectives. Division Directors should establish monitors for their service areas and track and trend the measures. (see pages 25 – 26)</i>
<i>T3-2 OBSERVATION</i>	<i>OAPP is developing and implementing a web-based HIV Information Reporting System (HIRS) to establish a shared information system with providers and to generate timely, accurate information.</i>
<i>T3-2 RECOMMENDATION</i>	<i>Establish a dedicated Project Manager for HIRS implementation oversight and management. Consider hiring Los Angeles County ISD staff/ consultant for the short - term for project management and implementation of this system. Work with the DHS Chief Information Officer to achieve coordination of efforts across varying systems in Department of Health Services.</i>

TASK 4	EVALUATE OAPP BUDGET AND DISTRIBUTION OF FINANCIAL INFORMATION TO DIVISION DIRECTORS
<i>T4-1 OBSERVATION</i>	<i>The OAPP budget is monitored by the Finance Division at a general office budget and not at the individual Division levels. Budget tracking and month-to-month monitoring at the Division level is a beneficial mechanism for Directors to support optimal utilization of labor expenses. The Los Angeles County budget system does not provide for the level of detail to build salary and benefit expense budgets by Division.</i>
<i>T4-1 RECOMMENDATION</i>	<i>The OAPP Finance Division is positioned to implement a fiscal management program at the Division level using an Excel format. KPMG recommends orienting senior management to their assigned responsibilities in monitoring Division finances and implementing the program as soon as possible. This level of financial monitoring may not be in place in other County Departments or Offices, but we recommend it as an appropriate management responsibility.</i>
<i>T4-2 OBSERVATION</i>	<i>OAPP processes invoices timely according to receipt from providers. Typically, service providers submit invoices monthly. However, Los Angeles County facilities and ISD typically submit invoices on an annual, year-end basis potentially not allowing OAPP adequate invoice review and processing time.</i>
<i>T4-2 RECOMMENDATION</i>	<i>Target more frequent invoice submissions by County facilities and ISD to allow OAPP adequate time to fully review invoices for processing.</i>

It is recommended that next steps be defined with development of an Action Plan and that changes be implemented as feasible at OAPP. Specific implementation targets include the organizational changes and the hiring of the two Directors for the proposed combined Divisions.

SECTION III. OFFICE OF AIDS PROGRAMS AND POLICY OVERVIEW

OAPP is “the entity within the Los Angeles County Department of Health Services responsible for planning and administering AIDS services and for directing the County’s response to the HIV/AIDS epidemic.” OAPP is the grantee for CARE Title I and CDC funding in Los Angeles County.

This Section highlights key OAPP services, its organization structure and activities and current challenges it faces.

OAPP Structure

OAPP’s current organization structure has nine major Divisions. Its focus is to provide grants and to work with agency providers in HIV prevention, care and treatment services. The nine Divisions include:

- *Executive Office* includes overall OAPP direction and administrative oversight, internal and external communication, community and provider relations, government and funder relations, Board and Department Liaison. Other Executive Office components include Capacity Building, Chief of Staff, Public Affairs and Office of the Medical Director.
- *Administrative Services* includes OAPP human resource (HR) management, liaison with the County of Los Angeles HR Department, facilities management and procurement.
- *Planning and Development Services* oversees the overall HIV/AIDS services planning of OAPP, grant management and solicitation processes. These include planning for HIV prevention services in Los Angeles County funded by CDC and Prevention, and the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act.
- *Prevention Services* include program and contract management, training and technical assistance; and agency provider performance review. Prevention Services also oversees demonstration projects for “Prevention for HIV infected persons” and “Multiple Morbidity Screening and Prevention”.
- *Care Services* include program and contract management for mental health, client services, residential, case management, quality management, medical and social services in addition to demonstration projects such as “Adherence Study, Corrections Project”. Services include agency provider performance review.
- *Education Services* delivers curriculum development, materials development and review, conference development, and support and special projects. In addition, the Division provides multiple education and training for County and provider staffs.
- *Research and Evaluation Services* functions focus on program evaluation, research development and demonstration projects such as the “Perinatal Prevention” and “Corrections” Project.
- *Financial Services* is responsible for fiscal policies and procedures, including budgeting, financial analysis, reimbursement processing and reporting, fiscal compliance follow-up and technical assistance. Administer provider reviews.
- *Information Systems Services* focus on local and wide area network, technical support and systems development and implementation, and OAPP application development.

OAPP Activities

In addition to the responsibilities and activities described above, OAPP functions include:

- Supporting the Los Angeles Commission on HIV Health Services in its development of the Los Angeles County HIV Strategic Plan and HIV Community Prevention Plan
- Maximizing service access for HIV/AIDS persons through a coordinated system of care by community and public providers
- Serving as a liaison among HIV/AIDS planning and policy bodies including the Commission on HIV Health Services and the Community Prevention Planning Committee
- Coordinating and monitoring the care continuum for HIV/AIDS services and HIV counseling, testing and referral
- Conducting HIV/AIDS related legislative analysis and liaison for interactions with governmental and private organizations
- Developing and managing grant proposals, competitive solicitation processes and resulting programs
- Providing HIV counselor certification, training programs, physician updates and care service provider education
- Coordinating and evaluating prevention and clinical services among Department of Health Services public health clinics, comprehensive health centers and hospitals
- Developing, negotiating and administering HIV/AIDS related contracts to support HIV care system and developing and maintaining reporting systems for disbursements, grant expenditures, and revenues to ensure maximizing grant funds.

OAPP Challenges

A number of challenges within OAPP and linked to operations include the need to:

- Expand Division Directors' roles to assume financial management responsibilities
- Establish performance measures and workload indicators by functional roles, by Division and overall OAPP
- Expand staff cross training to provide as much multi-functionality and staff back-up as feasible
- Complete development of outcomes measures for agency providers
- Achieve targeted metrics defined for the annual agency performance audits including Plans of Corrective Actions (POCAs) turnaround timeframes. (Financial audits are performed external to OAPP)
- Provider agencies to assume responsibility and compliance for the following:
 - Meeting OAPP timelines for submitting corrective plans of action (POCAs) and implementing required changes defined in the POCAs
 - Submitting invoices and cost reports to OAPP accurately, completely and on time to minimize OAPP rework and follow-up in receiving this information.

SECTION IV. OBSERVATIONS AND RECOMMENDATIONS

The following section summarizes our observations and recommendations corresponding to the following four primary tasks:

Task (T) Number	Task Description
T 1	Review organizational structure, management spans of control and reporting relationships
T 2	Review staffing levels and appropriations
T 3	Assess program effectiveness and efficiency indicators
T 4	Evaluate OAPP budget and financial controls

TASK ONE: Review organizational structure, management spans of control and reporting relationships

Observation T1-1: The OAPP Director has a very broad span of control in the current organizational structure with 15 Division Director and manager reports

The current reporting structure for the OAPP Director is comprised of the Division Directors, the Capacity Building Director, the Chief of Staff, and the Medical Director. In addition, there are four Planning and Development grant managers that currently report to the OAPP Director due to the vacant Planning and Development Division Director position.

Recommendation T1-1: Realign the service Divisions to decrease the Director's span of control and to improve effectiveness in directing OAPP

An organizational restructuring will appropriately alleviate the OAPP Director of some of the hands-on, day-to-day operations responsibilities by decreasing the number of direct reports. This promotes decentralization of management activities and allows Directors to assume more responsibility for the management of their Divisions. Specific proposed changes include:

I. Existing OAPP Director Reports	II. Proposed Director Reports with Combined Divisions
(1) Administrative (HR and Facilities) (2) Financial Services (3) Information Systems Services	(2) Administrative Services Division encompassing the following organization entities: ▪ Financial Services ▪ Information Systems ▪ Human Resources and Facilities ▪ Contract Administration
(4) Education Services (5) Capacity Building	(3) Education and Capacity Building Division encompassing the following organization entities: ▪ Education Services ▪ Capacity Building
(6) Care Services	(3) Care Services Division
(7) Prevention Services	(4) Prevention Services Division
(8) Public Affairs	(5) Public Affairs Division
(9) Office of Medical Director	(6) Office of the Medical Director
(10) Chief of Staff	(7) Chief of Staff / Commission Liaison
(11) Research & Evaluation Services (This Division reports up through Public Affairs as the Director position is vacant)	(8) Planning and Research Division encompassing: Planning and Development Research and Evaluation
(12) Planning and Development 4 Grant Managers are direct reports	
15 Total Division Reports	8 Total Direct Reports

- There are distinct variances in the scope of responsibility and authority in the **proposed** eight senior level management items. Currently, the functional OAPP title for all these items is “Director”, but there are two primary Los Angeles County HR titles represented in this OAPP group including *Senior Staff Analyst, Health (R9)* and *Staff Analyst, Health (R8)*. Specific observations regarding the **proposed** senior management structure include:

- The three largest Divisions including Prevention, Care, and the Administrative Services have the highest number of FTE positions (estimated at 60) and much broader spans of control and depths of responsibility than the other five Divisions.
- The other Divisions and Offices including Public Affairs, Chief of Staff Office, Planning and Development, Research and Evaluation Services, Office of the Medical Director and Education and Capacity Building have fewer staff and more limited scopes of responsibility and spans of control.
- The highest current Los Angeles County HR classification level for OAPP Division Directors is R9. To ensure appropriate classification assignment in the proposed span of control and scope of responsibility, it is recommended that the services of the Los Angeles County HR Department or an external compensation and benefits organization be engaged to conduct a formal, empirical review of OAPP titles, responsibilities and payroll levels.

The role of the Division Directors in the proposed OAPP division structure should also be assessed for comparability with other Los Angeles County Departments, for example the Alcohol and Drug Program.

- Currently, there are two vacant Division Director items, one for Research and Evaluation, and one for Planning and Development. In the Alternative Structure, one new Division Director will be recruited for the proposed Planning and Research Division. The other vacant Director item can be used for the proposed Capacity Building and Education Department.
- The Chief of Staff (COS) position is being broadened to include additional responsibilities for proposed Commission Liaison activities.
- Contract Administration will move from COS reporting to the proposed Administrative Services Division.
- The number of eight proposed direct reports for the OAPP Director is within the level seen in the external comparative organizations that have in the range of six – eight direct reports. (see Appendix C – page 34)

The proposed organizational structure allows the OAPP to group similar and complementary functions and promotes increased integration of services provided to agency providers. Examples include the combination of Education and Capacity Building, and Planning and Development with Research and Evaluation. The proposed structure will promote more management focus, authority and responsibility at the level of Division Directors. It should decrease the required “hands-on”, day-to-day management by the OAPP Director that exists in the current structure. (See Appendix C pages 33 and 34 for the organizational structures including the current and a proposed model).

There are additional mid-level management consolidations and realignments in the Care Division recommended for consideration including:

■ **Care Services:**

- Combine the similar services of Social Service and Mental Health under the existing Social Services section manager. Currently, the Mental Health section manager position is vacant and could be eliminated from the budget.
- Evaluate the cost-effectiveness of approaches to employing staff specialist services for psychologist and dentist. Consider per diem or an outsourced contractual arrangement to allow coverage on an as needed basis only.
- Consider the placement of the Quality Management function within the Office of the Medical Director. Given the other OAPP reporting changes being proposed for the short-term, this quality management realignment can be considered for the long-term. In medical service organizations, quality management is frequently seen as the responsibility of a physician, such as the Medical Director.
- Move the two TB Screening Nurses to a direct OAPP reporting relationship within the Care Services Division. They are currently paid through the OAPP budget and are performing services that are part of the Care Services Division. They should be physically located at OAPP and all responsibilities and assignments directed by Care Services management.

Observation T1-2: Manager and supervisor spans of control vary from two up to eight direct reporting staff. Some “managers” are performing the limited management activities of performance evaluations and time card approvals. Manager and supervisor items vary in terms of scope of responsibility from one Division to another. The “manager” title can be misleading in some instances in terms of representing actual management responsibilities. Many of these staff are contract or project managers rather than staff or department managers. These positions are primarily responsible for actual line/service activities and their management responsibilities center on annual staff evaluations and time card approvals.

Recommendation T1-2: Review the manager and supervisor positions’ for authority and responsibility consistency across Divisions. Reassign performance evaluations and time approvals to mid-manager level from the contract manager position. In the smaller divisions, the Division Director should assume these responsibilities.

Assign performance evaluations and time approvals to the Section Manager, Supervisor or the Division Director. Allow the project and/or contract Managers to focus on their specific line responsibilities. Consider the following assignments:

- Directors in the smaller Divisions such as Public Affairs, Information Systems, Education, Administrative (HR and Facilities) assume responsibility for performance evaluations and time approvals for their staffs.
- In the larger Divisions including Care, Prevention, Finance, Planning and Research, centralize the management responsibilities at the mid-management level of the section managers and supervisors.

Observation TI-3: Various Los Angeles County HR payroll titles exist across and within the OAPP Divisions

A significant number of payroll titles exist in OAPP based on Los Angeles County HR classification assignments. OAPP establishes titles internally according to functional responsibilities by Division. Currently there are 82 distinct OAPP functional titles representing 186 filled items across all OAPP Divisions.

Of the 82 functional positions or titles, there are 56 titles (68 percent of total) that have only one person designated by each title. In some cases this represents a high level of job specificity, such as, CDC or State Grant Manager. In others, there are several varying titles that represent the same organizational level. Care Services and Prevention Services have varying titles for Section Manager and Cluster Unit Supervisor positions. (see Appendix D for Filled Items by Functional Title, pages 35-36) In addition, there are cases in which the same Los Angeles County HR payroll title is not consistently used as the basis for the conversion to the OAPP functional roles. This is the result of trying to fit the County payroll titles with OAPP functional titles as best as possible. It was reported that County titles are meant to fit the broader health system and they are not specifically designed to fit OAPP specific title and job description needs.

Recommendation TI-3: Request that the Los Angeles County Department of Human Resource or an external compensation and benefits organization conduct a review of OAPP items including all managerial, supervisory and staff items, their titles, and salaries. It is proposed that this review also include a comparison with other similar Los Angeles County Departments / Offices, for example, the Los Angeles County Alcohol and Drug Program.

The objective of this review is to increase the consistency of job titles and responsibilities both across OAPP Divisions and within Divisions that are assigned through the County HR system. In addition, this is proposed to establish comparability and consistency, as feasible, with other Los Angeles County Offices, such as the Alcohol and Drug Program. *This review should include a report to OAPP that presents the study results.*

OAPP should identify opportunities to consolidate positions by title and define functional similarities across Divisions that can be represented by the same title. This is proposed to reduce the number of existing functional titles and target increased consistency and uniformity.

TASK TWO: Review staffing levels and appropriations

KPMG has assessed several factors in reviewing OAPP staffing levels including:

- Vacancy items by Division
- Division overtime hours and expenses
- Staffing level comparisons, as feasible, with external organizations

Observation T2-1: OAPP has a high item vacancy factor and significant overtime

The total OAPP vacancy factor is 24 percent (as of August 10, 2003) and the annual overtime expense at fiscal year end is approximately \$251,771 exceeding the budgeted amount of \$147,000.

Vacancy Factor

The OAPP vacancy factor is based on 58 open and 186 filled items for a total of 244** items. Many of these vacant items have been open for one to two years. Despite these vacancies, OAPP services have been provided at acceptable levels of effectiveness. In most instances, when items have been open for such extended periods filling them is typically not required.

** For purposes of this review we have used the actual filled items as of July 2003 and the reported vacant items as of beginning August 2003. We have not used the budgeted, ordinance or adjusted figures.

The vacancy percentages by Division include:

Table I**Los Angeles Office of AIDS Programs and Policy****Vacancy Factor* by Division**

	Information System Division	Finance Division	Administrative Division	Prevention Division	Care Division	Education Division	Executive Office/ Contract Mgmt	Planning & Developm ent Division	Research & Evaluation Division
Vacancy Percent	0%	14%	18%	21%	23%	24%	31%	41%	50%

* Open items as % of the sum of total filled plus total vacant items

These are all high vacancy percentages, with the exception of the IS Division. Of note, is the 50 percent vacancy in Research and Evaluation. Currently seven of the fourteen budgeted items are filled (See Appendix E page 37 for vacant items by Division).

The reported number of vacant items and the length of time each has been open are presented in the table below. Of the total 58 open items, 42 or more than seventy percent have been vacant greater than seven months. Fifteen of these are “new items” submitted by OAPP on January 17, 2003. Of these, three are in “approval to hire” status.

Table II
Number of Items Open by Number of Months

Duration	Number of Vacancies	Percent of Total
1 - 3 months	5	9%
4 - 6 months	11	19%
7 - 12 months	20	34%
13 - 24 months	11	19%
25 - 36 months	8	14%
Over 36 months	3	5%
Total	58	100%

Information provided 8/8/03

OAPP reports that delays in the recruiting and hiring processes contribute to the extensive time periods that items remain vacant. However, when items have been vacant for such extended periods, especially those that have been open greater than two years they can typically be removed from the budget. Two of these eleven items are proposed for Directors in the planned new organization structure including one for the combined Planning and Research Division and the combined Capacity Building and Education Division.

Overtime Factor

Paid Overtime for Hourly Employees

The budgeted overtime amount is determined by OAPP with the assistance of the CAO. There is an apparent lack of clarity in terms of the significance of the actual budgeted amount and the process for determining that number. OAPP and CAO view the overtime budget from two varying perspectives. OAPP considers that there is flexibility in the overtime incurred because the number of vacant items offsets overtime expenditures. The CAO however, considers overtime as being managed according to the actual budgeted number.

OAPP exceeded the budgeted overtime amount for 2002-2003. OAPP had an actual \$250,000 overtime expense and exceeded the budgeted amount of \$147,000. The overtime budget for 2003-04 has been increased to \$175,000. It is questioned whether managing to the budgeted level is achievable given that an action plan for decreasing the amount from last year's actual of \$250,000 has not been developed.

The annual overtime hours (FTEs) and associated salary expenses by Division are below:

Table III

Los Angeles Office of AIDS Programs and Policy

Paid Overtime Expenses by Division (2002-2003)

	Finance Division	Research & Evaluation Division	Care Division	Planning & Development Division	Administrative Division	Executive Office/ Contract Mgmt	Info Systems Division	Prevention Division	Education Division	Totals
Annual \$ Expense	\$92,173	\$74,205	\$35,085	\$23,044	\$13,973	\$5,473	\$5,586	\$1,990	\$242	\$251,771
FTE Equivalents**	1.3	1.0	0.5	0.4	0.3	0.2	0.1	0.0	0.0	3.8

** (FTE equivalents represent the conversion of overtime hours to a FTE component based on 2,080 annual paid FTE hours)

There is a significant overtime expense in five Divisions: Finance, Research and Evaluation, Care, Planning and Development and Administrative Services. It should be noted that the majority of the overtime expense is associated with a limited number of hourly employees. (see Appendix F page 38)

OAPP has a payroll policy that the Division Director and the OAPP Director must approve overtime before being submitted by staff. Although approval for overtime is required every payroll period, the Division Directors do not track overtime hours and expenses on an ongoing basis. The Finance Division monitors the overall OAPP occurrence of overtime. Many of the staff with the highest overtime expenses are those with responsibilities that only they perform. There are eight staff members with respective individual overtime earnings for this fiscal year in the range of \$10,000 to \$33,000. These are areas to assess whether cross coverage and back-up by other staff will decrease the overtime occurring in the specific activities.

KPMG reviewed each Division's vacancy levels and the **paid** overtime expenses together by Division to observe if a higher vacancy percentage occurred with a higher overtime expense. Was more overtime required to manage workload when a Division had more open items?

Table IV

Los Angeles Office of AIDS Programs and Policy

Vacancy Percent and Overtime Expense by Division

	Information System Division	Finance Division	Administrative Division	Prevention Division	Care Division	Education Division	Executive Office/ Contract Mgmt	Planning & Development Division	Research & Evaluation Division
Vacancy Percent	0%	14%	18%	21%	23%	24%	31%	41%	50%
Overtime Expenses	\$5,586	\$92,173	\$13,973	\$1,990	\$35,085	\$242	\$5,473	\$23,044	\$74,205

There appears to be a relationship in the vacancy factor and overtime expense in the Information System (IS) and Research and Evaluation Divisions. IS has no open items at this time and a relatively low overtime expense. Research and Evaluation has a high vacancy factor and the second highest overtime expense.

The relationship of overtime and the vacancy rate occurs randomly in the other Divisions. Finance has the highest overtime and a relatively low vacancy percentage, while Education and Prevention have relatively high vacancy percentages with very low overtime expenses.

As previously noted, the majority of overtime is occurring with a limited number of staff in each Division. In many of these instances, staff are performing activities that only they have responsibility for completing; there is no backup or cross-coverage. Examples include cost report management, specific grant management (CDC, HRSA), research projects, and provider / agency program management.

Finance reports that the occurrence of overtime in this Division is directly related to the specific types of items that are vacant—those associated with cost reporting activities.

Exempt Overtime

KPMG also reviewed the overtime reported by exempt employees. Los Angeles County tracks this for purposes of providing “compensatory time off”. Reportedly, this does not include overtime worked of less than eight-hour periods, as this is not captured in the Los Angeles County payroll system.

The annual exempt overtime accounts for 6,955 annual hours or an estimated 3.35 productive FTEs. Although the overtime represents 50 staff, there are 19 staff that account for 78 percent of these total hours. Further review exhibits that 9 senior managers account for 48 percent of the hours. This indicates a high level of commitment and dedication by the managers to provide services above and beyond their assignments.

Medical Leave

An additional component impacting staffing levels is the number of personnel on medical leave, which averages seven staff annually. These positions remain open for extended periods, frequently up to a year or greater and OAPP cannot hire to fill these items even on a temporary basis. The staff on medical leave are considered part of the filled items although they are not available to provide service and their return to work is typically not defined. Reportedly, staff are frequently on leave, return to work for one day to maintain their position and then return to leave status again.

Staff on extended medical leaves create difficulties; there is no management oversight or control that can be implemented by OAPP to manage this staffing problem. The management of medical leave is under the control of County HR.

Recommendation T2-1: Reduce OAPP's budget by those items vacant for greater than twenty-four months. Limit new hires to specifically defined positions. Define justifications for, and benefits to hiring new staff. Manage use of overtime to the established 2003-2004 budgeted amount.

KPMG recommends the following related to the management of vacancies and overtime.

Vacancy Management

- Identify the positions that have been vacant for greater than twenty-four months and remove nine of the eleven from the budget. Hold two Division Director positions. KPMG understands that recruitment and hiring can take extended periods of time and this may represent why items have been open for long periods. However, activities and services have continued to be provided by OAPP staff even with the open items
- Determine the need for new hires with the implementation of new services. A front-end approval process exists when the item is initially requested and when the item is being filled there is a Critical Needs Statement as the back-end justification of the new hire.

Include quantitative as well as qualitative criteria for hiring into vacant and new items. Define the benefits to be derived and the improvements in service levels to be achieved with filling the items

- Establish an OAPP Vacancy Control Committee comprised of four – five key senior managers chaired by the OAPP Director. This Committee should have the internal OAPP responsibility of approving or disapproving all proposed new hires across Divisions. This Committee should then work with the CAO on the proposed approval and filling of open items
- Hire two permanent management positions and a subcontract/outsourced project manager including:
 - Director of the proposed Division of Planning and Development and Research and Evaluation
 - Director of the proposed Division of Capacity Building and Education
 - Project Manager for HIRS development and implementation; consider services of an ISD consultant for short-term project development and implementation management

The Director positions are two of the eleven that have been open for greater than twenty-four months. These are recommended for filling the two combined Divisions in the proposed organization structure.

Overtime Management

- Manage the use and occurrence of paid overtime to the budgeted amount included in the current budget for 2003 – 2004. The budgeted overtime amount is \$175,000. Historically, overtime has exceeded the budgeted amount. Identify the high overtime users and develop plans by Division, to manage this expense.
 - Establish Division Directors' responsibility for managing overtime. Assign a budgeted amount per Division and provide the Directors with the necessary payroll information to effectively manage this payroll expense.
 - Maintain Directors accountability by establishing a variance reporting mechanism to identify reasons for exceeding overtime targets.

- Evaluate each staff member's overtime earnings relative to the functions they are performing. Identify additional cross-training and cross-coverage options with other staff in each Division. This expanded staff knowledge also supports "succession planning" when staff are ill, on vacation, or resign
- Consider employing part-time staff, as feasible, to provide flexibility in increasing hours worked per week without incurring overtime

Observation T2-2: The Divisions' service delivery models are based on specialized responsibilities

We reviewed the Divisions' organizational structure of the service delivery model for the efficiency and effectiveness of providing service. The Divisions are highly structured and staff functions are based on a distinct functional concept. Staff cross training has been accomplished in some areas to provide coverage across services as workload variations occur. There are additional areas where this can be accomplished to enhance staff utilization.

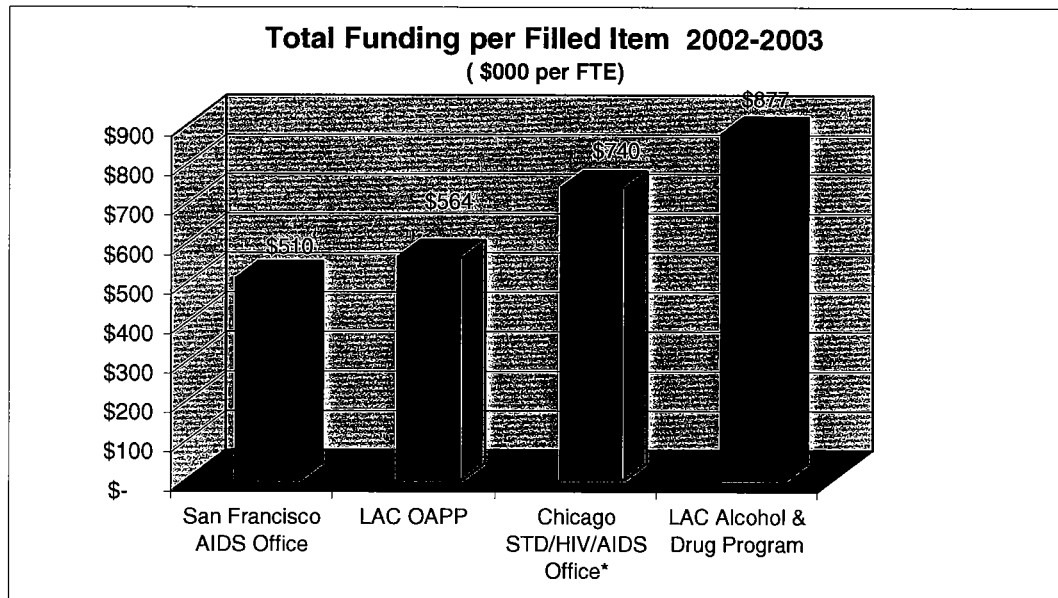
Recommendation T2-2: Investigate additional areas for staff orientation across assignments

Opportunities for increasing the staff multi functionality should consistently be investigated to ensure cross coverage and to support succession planning when a staff member is out ill, on vacation or resigns. Ensure that assigning support staff resources to focused areas and to specific managers does not limit cross coverage.

Observation T2-3: OAPP ratio of staff per awarded fund dollars is compared with the three external organizations

This is based on filled positions and total grant funds awarded based on data provided by the three Offices and OAPP.

The *Los Angeles County Alcohol and Drug Program* exhibits the most favorable funding per filled FTE in comparison to the three AIDS Program Offices. This may be due to the length of time the Program has existed, the long established treatment programs and the approach to



providing services which does not include the level of on-site provider work conducted by OAPP. In addition, the grant funding process is more established than in the case of the AIDS Programs.

The three AIDS Offices show variances with Chicago being the most highly leveraged followed by OAPP and San Francisco.

Specifically, the variances include:

- Chicago STD/HIV/AIDS Office is 31 percent greater leverage than OAPP
- LAC Alcohol & Drug Program is 56 percent greater leverage than OAPP

The *Chicago STD/HIV/AIDS Office* leader is an Assistant Commissioner in the Chicago Department of Public Health (CDPH). CDPH operates screening and treatment services for STD/HIV in nine clinics. The Chicago clinic personnel are not reflected in the information above, nor are the Los Angeles direct care providers. The Chicago Office provides funding for provider agencies throughout the Chicago, Cook County and eight adjacent and nearby counties.

The *San Francisco AIDS Office* leadership is a Deputy Director for AIDS Programs and reports to the Director of Health for the San Francisco Department of Public Health. The geographic area covered by the San Francisco program is more geographically limited than served by either OAPP or Chicago. It includes the counties of San Francisco, San Mateo, and Marin.

The San Francisco program structure is similar to OAPP, with the exception of having a large research section of 35 staff that is included in the FTEs noted in the “Funds per FTE” graph above. Currently, OAPP has only seven Research and Evaluation staff with a target of twenty when all positions are filled.

The comparison across the offices was limited to a high-level review rather than a detailed assessment.

Recommendation T2-3: Implement this as one of the overall OAPP performance metrics and monitor the relationship of awarded and spent funds per filled and budgeted item on an a monthly basis.

TASK THREE: Assess program effectiveness and efficiency and reporting relationships***Observation T3-1: OAPP uses some effectiveness and limited efficiency monitors***

Measuring effectiveness and efficiency helps organizations make better decisions and evaluate the outcomes of those decisions. Defined measures let managers know how they are progressing in achieving objectives.

Effectiveness

Measuring effectiveness is critical to evaluating how well an organization is achieving its goals. We view effectiveness in terms of factors such as accomplishments, service quality and quantifiable objectives.

The effectiveness of the primary OAPP contract administration function is measured according to specific audit activities and timely report submissions. These processes apply to specific OAPP Divisions and to the provider agencies.

There are specific improvements being currently targeted and implemented by OAPP to increase service effectiveness and efficiency. OAPP is currently in the process of refining its structure for monitoring effectiveness and has developed measures and goals to meet State, County, Federal and CDC requirements. OAPP has formalized their internal monitoring and reporting requirements and timeframes. These targets apply for OAPP, as well as for the provider agencies. Specific measures include:

- OAPP achieving 100 percent annual on-site provider audits
It is noted that the percentage of provider audits conducted by OAPP has increased over the past five years from 3 percent in 1998-99 up to 100 percent targeted for the current fiscal year.
- OAPP generating audit reports to providers within stated 30-day time frames
- Requiring that providers respond to OAPP audits with “Plans of Corrective Actions”(POCA) as necessary within 30 days
It is reported that at times, the providers are not consistent with achieving the 30-day turnaround for the POCAs. This results in additional OAPP staff time communicating and following up with the providers to achieve timeline compliance.
- Educating providers in appropriate POCA responses to minimize the occurrences of unacceptable Plans being submitted to OAPP resulting in extended rework.

These effectiveness measures are specific targets that Care and Prevention are charged with achieving. To improve the existing compliance levels for these measures, OAPP is targeting increased communication with, and on-sites visits to agencies to reinforce program requirements and to provide education and assistance with understanding plans of corrective action. It is the Director’s goal that OAPP staff provide on-site provider visits to ensure the POCAs are being implemented.

OAPP has established formal audit monitoring processes and tools to track the measurement of success in achieving these targets—for OAPP and the provider agencies.

An additional effectiveness measurement resides in Finance with the management of providers' cost reports. There are two improvement opportunities including:

- Improvement of the providers' compliance with submitting cost reports within the required thirty or forty-five days after the contract end. OAPP has developed a formal process and provider compliance is improving. However, additional reinforcement is still needed to decrease the audit specialist's time in the repetitive steps required to complete the closing of the provider contracts.
- Minimization of the occurrence of overpayments to the providers. Although this is reported as an infrequent event, recouping overpaid amounts requires significant OAPP audit specialist rework when it occurs. More front-end review by Finance analysts of the provider invoices and detail can decrease the rework on the back end by the audit specialist.

A significant effectiveness measure of success is the level of grant funds that are spent by OAPP. For this past fiscal year, Finance reports fund expenditures are at an **overall** 99.2 percent to 99.7 percent.

KPMG has reviewed published Federal AIDS Treatment Funding** information defining the specific Ryan White grant amounts and the "percent funds not spent". We have compared OAPP levels with the Chicago and San Francisco AIDS offices in the table below.

Table V

Office	Total Ryan White Funds** (year Mar 2001 – Feb 2002)	Percent Funds not Spent**
OAPP	\$35,633,206	0.0%
San Francisco	\$36,657,079	4.6%
Chicago	\$20,443,634	7.4%

** HamptonRoads.com/PilotOnline.com

OAPP not only compares favorably with these two cities, but also with the other 48 offices receiving these funds nationally. *OAPP was one of only five organizations with fully spent funds at year-end. Of note, is that the other four offices received significantly smaller grants, in the range of \$3.9M - \$7.6M. OAPP received in the top three grant amounts nationally and for the current year is second with only New York ahead.*

Efficiency

We view efficiency in terms of how an organization uses its resources, such as available funding and staff to achieve organization objectives. Is it applying these resources in such a way as to maximize their services provided? Typical efficiency measures can include:

- **Per Unit Costs:** A measure of per unit cost reveals how many resources are consumed in producing a unit of measure.
- **Per Unit Full-Time Equivalents (FTE's):** Measure how many employees are required to fulfill a unit of work.

- **Administrative Expenses:** Track and trend administrative expenses.
This has been reported by the Finance Division Director to be budgeted at 9 percent. The actual for the year ending June 30, 2003 has not been calculated at this time.
- **Staffing ratios:** Computing a ratio of staffing to a particular function or in comparison to the total organization.

The specific types of measures used by an organization may vary depending on its operations, goals and objectives. Ideally these measures should be linked to an organization's quantifiable objectives and performance measures.

There is limited quantitative information that OAPP uses for measuring the efficiency of staff's performance. The Care and Prevention Divisions use an indicator for the number of provider contracts assigned per program manager. The target range is 10-12 contracts per manager. This is not an exact assignment as the number of contracts is appropriately adjusted according to the number of schedules and the difficulty of individual contracts.

Efficiency measures are not consistently reported for other Divisions. This limits monitoring staff performance in a quantifiable manner and does not provide objective information for defining and validating a need to increase FTEs. To develop some baseline information for measuring OAPP efficiency at the total office level and then by Division, KPMG suggests establishing monitoring mechanisms that includes some of the following indicators.

Proposed Efficiency Criteria

	Fiscal Year 2001/2002 or Month to Month	Defined Monitoring Period
Total OAPP FTEs		
Total Funding \$\$		
Ratio of Funding to Filled Item		

The ratio of funding to filled items provides an overall indicator as to how the FTEs are leveraged per funding dollar on a year-to-year comparison. Monitoring this would require management to indicate a rationale for any increases or decreases.

Division level monitoring can include some of the following, again with a year-to-year and a month-to-month monitoring for tracking and trending. Below are examples of indicators that can be considered for a number of services in a number of Divisions.

Proposed Efficiency Criteria

	Fiscal Year 2001/2002 or Month to Month	Defined Monitoring Period
Section FTEs		
Number of Contracts		
Ratio of contracts per FTE		
Number of Providers		
Ratio of providers per FTE		

	Fiscal Year 2001/2002 or Month to Month	Defined Monitoring Period
Total Division expenditures		
Ratio of expenditures to staff		
Total invoices		
Ratio of invoices to staff		
Number materials reviewed		
Total number cost reports		
Number cost reports requiring multiple follow-ups		
Number cost reports with recoup of overpayments		
Ratio of materials to staff		
Number education programs provided		
Ratio of programs to staff		

The indicators can be established according to the types of activities / services provided by staff at the section or Division levels and can be refined or revised as needed.

Using measures of efficiency and effectiveness

These types of measures can assist the individual Divisions in determining if it is applying its resources to achieve its objectives. The measures we have provided as examples bring forth several questions, such as:

- What is the trend?
- Are our ratios improving or not?
- Is this what we expected?
- If there a change from month-to-month or year-to-year? What is causing the change?
- Can we improve how we are using our resources?
- What can we do to better leverage our resource utilization?

Recommendation T3-1: Establish performance measures to monitor OAPP's progress in achieving quantitative, qualitative and compliance objectives.

These performance measures should represent the efficient and effective use of resources and should be indicators that are easy to track to provide measurable outcomes. The staff in the individual sections should be involved with establishing the indicators so as to reflect services and activities they are responsible for completing. It is proposed that the number of indicators be limited, not to exceed one to three per functional area.

Observation T3-2: OAPP is developing and implementing a web-based HIV Information Reporting System (HIRS)

OAPP has been developing, and is now testing HIRS in two sites for counseling and testing and contract management activities. This is a system that will allow OAPP and providers to access information on a real-time basis. Client and contract information can be entered electronically allowing easy access and providing report generation. Following the testing process at the two sites, additional sites are slated for implementation. Ultimately, other services and Divisions, including finance, planning and development, and so on will be included in HIRS. The Care Division, however, will be maintained on its own system as it is fully developed and to replace it will be a major undertaking. The plan will be to maintain the Care system as it exists and to investigate developing an interface with HIRS.

Currently, the HIRS development and implementation process is not being overseen and managed by a dedicated Project Manager. Typically, in this type of major undertaking, a dedicated resource is in place for ensuring that the overall implementation processes and all associated activities are fully defined and that timeframes are met.

Recommendation T3-2: Define a Project Manager for the HIRS implementation

A primary recommendation at this time is for OAPP to designate a HIRS Project Manager. This person's attributes should include a thorough understanding of the needs of the end users and the information technology components. One of the difficulties reported by OAPP staff, both in the end users and the IS staff, is each groups' understanding of needs and capabilities. The defined Project Manager would be the talent that would bring these two groups together in addition to managing the overall system implementation. Working through ISD may provide an appropriate candidate and could be contracted on a short-term basis for the required services.

TASK FOUR: Evaluate OAPP budget and financial controls

Observation T4-1: The OAPP budget is developed by Finance as a general office budget and not defined at the individual Division levels

The Finance Division is responsible for developing the office budget and for establishing the internal controls for monitoring and managing expenditures including all salary expenses. The Division Directors are responsible for the operations of their individual areas, but are not aware of the financial aspects, specifically the salary expenses associated with providing their services.

The Los Angeles County financial system is not capable of defining Division level budget and/or actual expenditure information. Therefore, the development of Division budgets and monthly monitoring reports will have to be completed by the OAPP Finance Division. It is reported that the process for developing this information is being completed and will be provided using excel. Ultimately, this information may be included in HIRS that should facilitate the monitoring and report generation.

Recommendation T4-1: Develop Division level cost centers budgets

The development of Division or cost center level budgets, including salary and benefit allocations by Division, will allow the Directors to combine the financial and operations responsibilities of their services. The budget development process should include the finance Director working with, and educating each of the Division Directors.

This recommendation focuses on the salary and benefit components of the OAPP budget only. Tracking the “other than salary expenses” at the Division would be difficult and provide minimal return on the investment of creating this level of expense detail. The salary information provides monitoring approximately 76 percent of the entire budget and should be the focus for this monitoring and tracking process.

Appropriate financial monitoring tools should be identified, developed, implemented with the necessary training and their importance understood by the Directors. This type of financial information will provide the Directors with the decision-making tools necessary for effectively managing their labor resources and salary expenses.

It should be noted that OAPP is likely unique amongst other Los Angeles County Offices in monitoring budget information at this level. It is however, a process defined by the OAPP Director as important in managing expenditures and this is strongly supported by KPMG as a management function.

Observation T4-2: OAPP's invoice processing practices are according to receipt of invoices

OAPP typically receives provider invoices monthly allowing the Finance Division adequate time for processing the paperwork. Reportedly, other providers including ISD and County Facilities send OAPP invoices for services rendered on an annual basis rather than monthly. This limits the time available for OAPP to review invoices and to adequately clarify billing details with the agency if necessary.

Recommendation T4-2: Strive for monthly OAPP invoicing by the County Facilities

Target more frequent billing by the County Facilities and ISD to provide OAPP with appropriate time to review and process provider invoices. This will alleviate a peak in workload at year-end and provide OAPP the opportunity to clarify and correct invoice information as necessary.

APPENDICES

Appendix A

Interviewees

Office of AIDS Programs and Policy

I. Executive Office

Director, Office of AIDS Programs and Policy

Chief of Staff

Medical Director

Director, Public Affairs

Director, Special Projects/Capacity Building

Contract Administration Manager

II. Administrative Services

Director, Administrative Services

Procurement Coordinator

Human Resources Manager

Facilities Coordinator

Human Resources Liaison

III. Care Services

Interim Director Care Services

Social Services Manager

Client Services Manager

Quality Management Manager

IV. Educational Services

Director, Educational Services Division

Counseling and Training Supervisor

Conference Development Manager

Training Manager

V. Financial Service

Director, Financial Services Division

General Accounting Manager

Fiscal Grant Manager

Audit and Technical Assistance

VI. Information Systems

Director, Information Services Division

Systems Operations Manager

Application Development Manager

Appendix A (continued)

Interviewees

Office of AIDS Programs and Policy

VII. Planning and Development

Care Grant Manager

CDC Grant Manager

Planning and Solicitation Manager

State Grant Manager

VIII Prevention Services

Director, Prevention Services

Section Manager, Departmental Services

Data Evaluation Supervisor

Special Initiative Supervisor

Southern Cluster, Program Supervisor

Northern Cluster, Program Supervisor

IX. Research and Evaluation

Research Support Supervisor

Program Evaluation Supervisor, Prevention

CDC

Project Officer

HRSA

Project Officer

San Francisco AIDS Office

Deputy Director for AIDS Programs AIDS Office

Director HIV Prevention

Budget and Finance Manager

Chicago STD/HIV/AIDS Public Policy & Programs

Assistant Commissioner City of Chicago Department of Public Health

Alcohol and Drug Program Administration County of Los Angeles

Director of Finance

Los Angeles County Supervisor Office

Health Services Deputy for Supervisor Zev Yaroslavsky

Assistant Deputy

Los Angeles County Human Resources

Manager Human Resources

Appendix B
Requested Documentation and Information

OFFICE OF AIDS PROGRAMS AND POLICY

DOCUMENT REQUEST AND TRACKING

June 5, 2003

Requested Documents
MANAGEMENT
Current Organization Chart
Strategic Plan (Mission, Goals, Objectives, Measures)
Documents that describe the programs and individual functional areas / services of the Office of AIDS Programs and Policy
Succession plans
Disaster Planning / Business Continuity
Description of anticipated program and / or operational changes
Description of anticipated program and / or operational changes
Description of internal and external communication and reporting processes
Calendar of standing management and staff meetings with sample of meeting minutes
Pertinent management reports, eg, internal operations analyses, special projects that are monitored and tracked
PERSONNEL / WORKLOAD RELATED
Roster of all Department employees, by work unit, classification, and location
Payroll reports for last 6 month period
Budget Item Control for last two years
Personnel job descriptions by functional area
Performance Improvement policies and procedures
Reports representing HR activity tracking—recruitment and retention, performance appraisals, education attendance, certifications / licensing
Description of Employee Orientation Programs
Description of ongoing educational programs and attendance requirements

Appendix B (continued)
Requested Documentation and Information

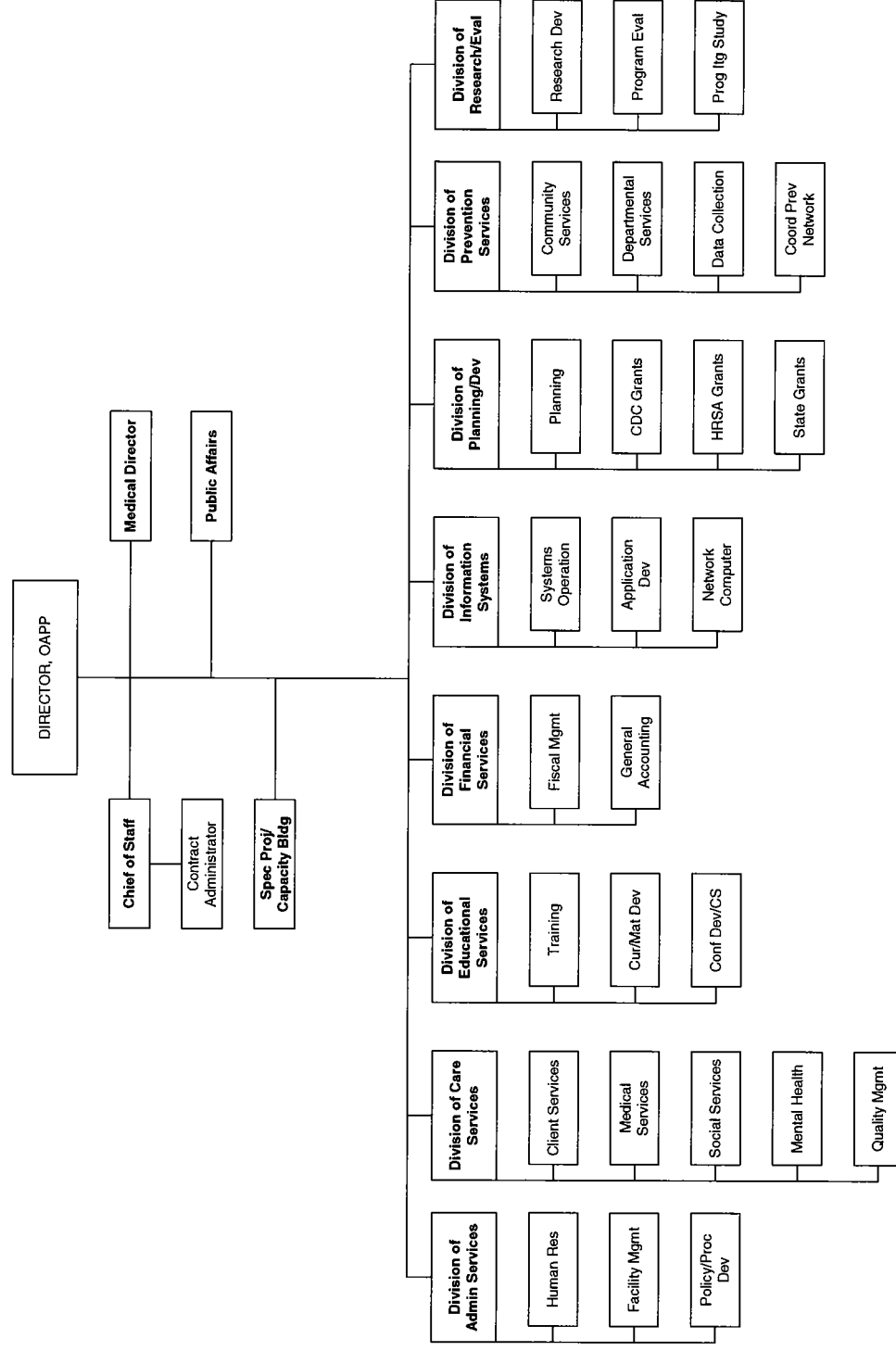
OFFICE OF AIDS PROGRAMS AND POLICY

DOCUMENT REQUEST AND TRACKING

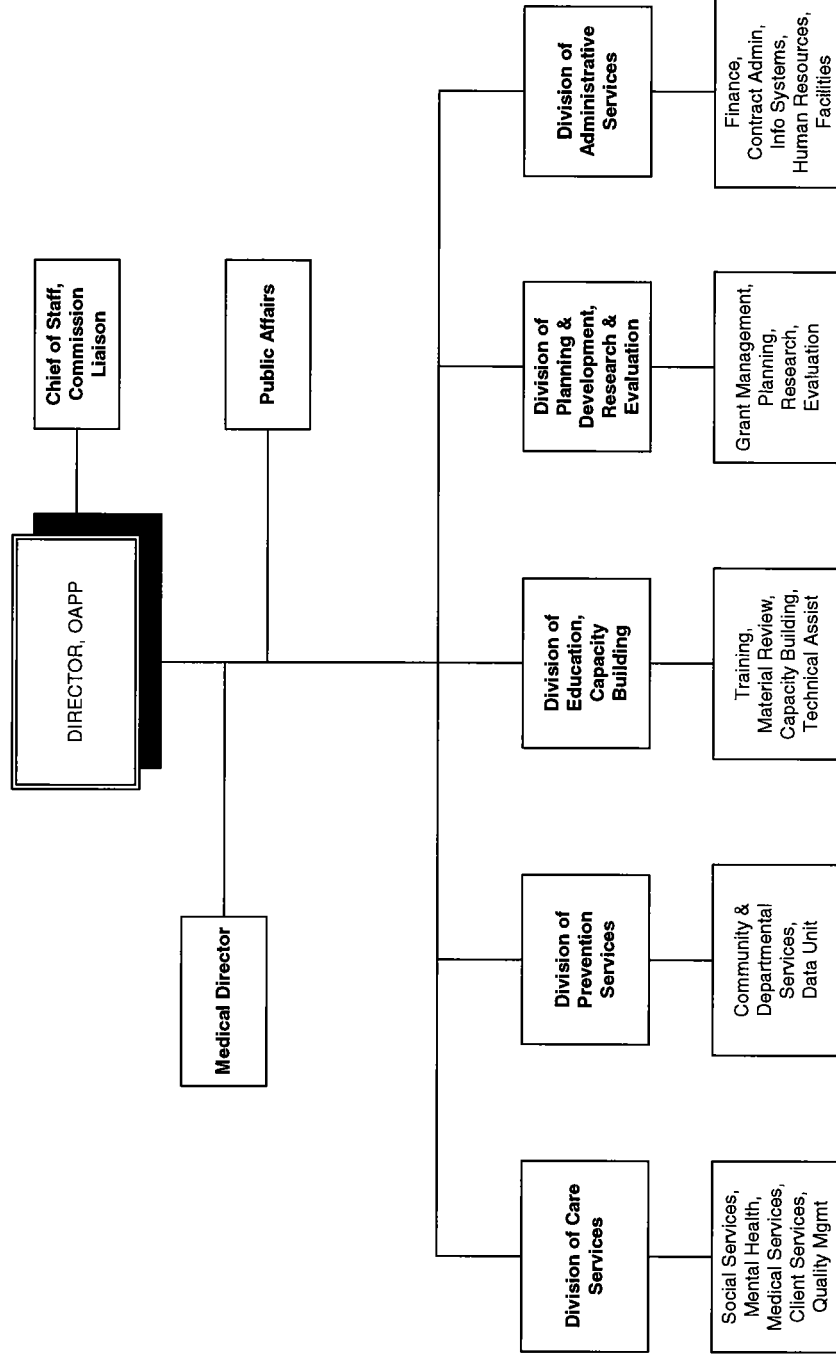
Sample employee performance appraisal form with policy and procedure for completing
Floor plan identifying functional areas
Workflow descriptions as available
SPECIAL REPORTS / PERFORMANCE MEASURES
Previous external or internal studies performed on behalf of the OAPP
Performance measure descriptions and actual volumes used by the Office and by individual functional areas / services
Reports that Monitor and Measure Achievement
Reports that Monitor and Measure Efficiency
Reports defining and tracking customer satisfaction levels
Reports regarding operations, problems, objectives, important issues.
Documents describing Utilization Review policies and procedures and actual reporting and tracking
BUDGET and FINANCE
Documents describing fiscal monitoring audits
Budget Item Control for last two years
Non-Labor Budget for last 2 years with description of budget process
POLICIES and PROCEDURES
Office Policies and Procedures, and Operating Manuals
Policies and procedures for supply chain management and contract management and compliance
Documents describing grant writing procedures
Information and Manual systems meeting privacy requirements
EXTERNAL AGENCIES
Documents describing external agencies
Description of external agency contract development and submission process
Documents describing Utilization Review policies and procedures and actual reporting and tracking

Appendix C (page 1 of 2)

Current Organizational Structure



Appendix C (page 2 of 2) Alternative Organizational Structure



Appendix D (Page 1 of 2)
LA County Payroll and OAPP Functional Titles
with Number Staff per Item
July / August 2003

County Payroll Titles	Ref #	Functional Title	Care Svcs	Financial Svcs	Planning & Dev	Prevention Svcs	Research & Eval	Administrative Svcs	Educational Svcs	Executive Office (EO)	EO Contract Admin	EO Public Affairs	EO Special Projects	Information Svcs	Total OAPP
Accountant II	1	Accountant		2											2
Accountant Clerk II; Int Clerk	2	Accounting Aide		2											2
Sr. Typist Clerk; Accounting Tech I; Accounting Tech II	3	Accounting Assistant		3											3
Accountant II; Accountant III	4	Accounting Specialist		2											2
Data Systems Supv II	5	Application Dev Manager												1	1
Accounting Officer II	6	Audit Specialist		1											1
Staff Analyst, Health	7	Care Grant Manager (HRSA)			1										1
Sr. Contr Prog Auditor	8	Case Mgmt Adherence Supv	1												1
Public Information Rep	9	CDC Analyst			1										1
Staff Analyst, Health	10	CDC Grant Manager			1										1
Health Care Fin. Analyst	11	CDC Grant Supervisor		1											1
Staff Analyst, Health	12	Chief of Staff								1					1
Staff Analyst, Health	13	Client Services Section Manager	1												1
Health Education Asst; Sr. Health Educator	14	Clinic Liaison				5									5
Research Analyst II	15	Clinic Research Liaison				2									2
Sr. Contr Prog Auditor	16	Cluster Unit Supv				1									1
Sr. Public Info Asst; Contract Program Auditor	17	Communications Associate										2			2
Program Manager I	18	Conference Coord							1						1
Asst Staff Analyst	19	Conference Development Manager							1						1
Staff Analyst, Health	20	Contract Admin Manager								1					1
Community Srvc Counselor	21	Court Services Coord				1									1
Community Srvc Counselor	22	Court Services Counselor				4									4
Data Conv Equip	23	Data Entry Clerk												1	1
Epidemiologist	24	Data Evaluation Supv				1									1
Asst Staff Analyst	25	Departmental Services Manager				1									1
Sr. Staff Analyst, Health; Staff Analyst, Health; Admr Sp Health Program; Data Systems Supv II	26	Director		1		1		1	1	1		1	1	1	8
Epidemiologist	27	Epidemiologist					1								1
Epidemiology Analyst	28	Evaluation Analyst					1								1
Epidemiologist	29	Evaluation Supv					1								1
Management Sec II	30	Executive Secretary								1					1
Procurement Asst I	31	Facilities Coordinator						1							1
Staff Asst II	32	Facilities Manager						1							1
Administrative Asst III	33	Fiscal Grants Manager Assistant		1											1
Research Analyst II	34	HRSA Analyst			1										1
Health Care Fin	35	HRSA Grant Supervisor		1											1
Staff Asst I	36	Human Resources Liaison						1							1
Administrative Asst III	37	Human Resources Manager						1							1
Student Prof Worker	38	Mail Clerk/Messenger						1							1
Chief Physician I	39	Medical Director								1					1
Data Systems Analyst I; Data Systems Analyst II	40	Networking Support Analyst												2	2
Administrative Asst III	41	Planning Assistant									1				1
Staff Analyst, Health	42	Planning Manager			1										1
Staff Asst I	43	Procurement Coord						1							1
Staff Asst I; Secretary III	44	Program Aide			1						3				4
Administrative Asst I; Administrative Asst II; Administrative Asst III; Staff Asst II; Administrative Aide; Staff Analyst, Health; Research Analyst II	45	Program Assistant	8		1	6									15
Int Typist Clerk; Sr Typist Clerk; Intermediate Clerk; Int Clerk	46	Program Clerk	5		3	2	1	1		1					13

Appendix D (Page 2 of 2)
LA County Payroll and OAPP Functional Titles
With Number Staff per Item
July / August 2003

County Payroll Titles	Ref #	Functional Title	Care Svcs	Financial Svcs	Planning & Dev	Prevention Svcs	Research & Eval	Administrative Svcs	Educational Svcs	Executive Office	EO Contract	EO Admin	EO Public	EO Special Projects	Information Svcs	Total OAPP
Program Manager II	47	Program Dev Coord											1			1
Cont Program Auditor; Public Health Nurse	48	Program Manager	16			10								2		28
Asst Staff Analyst	49	Program Supv														
Utilization Review Nurse	50	QM Reviewer	2													2
Health FC Cnsl	51	QM Section Manager	1													1
Nursing Specialist II	52	QM Technical Assistance Coord	1													1
Nursing Specialist II	53	QM Unit Supervisor	2													2
Int Typist Clerk	54	Receptionist						1								1
Warehouse Wkr Ad	55	Reproduction Assistant						1								1
Secretary III	56	Research Analyst						1								1
Research Analyst III	57	Research Support Manager					1									1
Research Analyst II	58	Researcher					1									1
Accounting Tech I; Sr Secretary II; Senior Typist Clerk; Secretary III	59	Secretary		1	1			1	1				1			5
Nurse Manager; Fiscal Officer I; Sr. Acct Sys Tech	60	Section Manager	1	2												3
Staff Analyst, Health	61	Social Services Manager	1													1
Clinical Social Work Cnsl	62	Social Work Consultant	2													2
Staff Analyst, Health	63	Special Initiative Supv				1										1
Health Prog Coord; Community Srvc Cnsl	64	Special Needs Services Coord				5										5
Community Srvc Cnsl	65	Special Needs Services Counselor				3										3
Research Analyst III	66	Special Studies Manager					1									1
Sr. Clinical Social Worker	67	Sr. Clinical Social Worker	1													1
Staff Analyst, Health	68	State Grant Manager			1											1
Health Care Fin Analyst	69	State Grant Supervisor		1												1
Student Prof Worker	70	Student		1												1
Sub Help	71	Sub Help						1								1
Public Health Nurse	72	Supervisor, Supportive Services	1													1
Data Systems Supv I	73	Systems Operations Manager													1	1
Word Processor II	74	Systems Support Aide													1	1
Data Syst Analyst I; Data Syst Analyst II	75	Systems Support Analyst													6	6
Data Conv Equip	76	Telecommunications Operator													1	1
Sr Typist Clerk	77	Timekeeper						1								1
Health Educator	78	Trainer							3							3
Health Education Asst	79	Training Assistant							2							2
Sr Typist Clerk; Int Typist Clerk	80	Training Clerk							4							4
Sr Health Educator	81	Training Specialist							3							3
Program Manager	82	Transportation Coordinator	1													1
		Total	44	19	12	44	7	14	16	5	5	5	5	3	14	186
		Adjusted Total for 2003-2004 FY	44	19	10	44	7	14	16	5	5	5	5	3	14	186

Appendix E

Items by Division with Vacancies
(Filled and Vacant as of July /August 2003)

Ref #	Division	# Filled Items (a)	# Vacant Items (b)	Total Items	% Vacancy Factor by Division
1	Administrative Services	14	3	17	18%
2	Executive Office	18	8	26	31%
3	Care Services	44	13	57	23%
4	Educational Services	16	5	21	24%
5	Financial Services	19	3	22	14%
6	Information Systems	14	-	14	0%
7	Planning & Development (c)	10	7	17	41%
8	Prevention Services	44	12	56	21%
9	Research & Evaluation	7	7	14	50%
Total		186	58	244	
% of Total Items		76%	24%	100%	

(a) Actual filled items as of 7/23/03

(b) Vacant items reported as 8/8/03

(c) Adj. by 2 items going to the Commission

Note: Does not include External Items (4)

Appendix F

Divisional Overtime Analysis

Division	Total OT Dollars	Percent of Staff that Represent Highest Percent of Overtime \$		Total Paid OT FTE's	Total Exempt OT FTE's
Financial Services	\$92,173	37% of staff =	92% of overtime dollars	1.3	
Research and Evaluation	\$74,205	57% of staff =	99% of overtime dollars	1.0	
Care Division	\$35,085	14% of staff =	84% of overtime dollars	0.5	
Planning and Development	\$23,044	25% of staff =	98% of overtime dollars	0.4	
Administrative Services	\$13,973	30% of staff =	71% of overtime dollars	0.3	
Contract Management	\$5,473	20% of staff =	83% of overtime dollars	0.2	
Information Systems	\$5,586	14% of staff =	66% of overtime dollars	0.1	
Prevention	\$1,990	23% of staff =	66% of overtime dollars		
Educational Services	\$242	6% of staff =	95% of overtime dollars		
Total	\$251,771			3.8	3.35